

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	
)	
v.)	Criminal No. 04-150-A
)	
DARLEEN A. DRUYUN,)	
)	
Defendant.)	

STATEMENT OF FACTS

It is agreed by and between the parties that the following facts are true:

I. Introduction

The defendant, Darleen A. Druyun, was from 1993 until her retirement in November, 2002, the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management. In that Senior Executive Service (SES) position, she supervised directed and oversaw the management of the Air Force acquisition program. In addition, she provided advice on acquisition matters to the Assistant Secretary of the Air Force for Acquisitions, the Chief of Staff of the Air Force, and the Secretary of the Air Force. The defendant also chaired the Acquisition Professional Development Council which was responsible for recruiting and training military and civilian acquisition personnel. An additional responsibility of the defendant was service as chairperson of the NATO Airborne Early Warning and Control Program Management Board of Directors. This board was chartered by the North Atlantic Council to manage the multi-billion dollar NATO E-3A AWACS program funded by twelve nations.

Prior to the defendant's service as the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, she had a lengthy government career that included various positions in the Air Force, the Office of Management and Budget (OMB) and the National Aeronautical and Space Administration (NASA). In 1991 she served as the Assistant Administrator for Procurement and Acquisition for NASA. From 1992 until 1993, she served as the Chief of Staff of NASA and was responsible for the daily management of the agency.

In January, 2003, the defendant was appointed by the Boeing Company as Vice-President and Deputy General Manager of the Missile Defense Systems (MDS). MDS was a business unit of Boeing Integrated Defense Systems. She entered this position following her retirement from the Air Force in late 2002. The defendant began negotiating the terms of this employment with a senior official of the Boeing Company on or about September 23, 2002, as more fully set forth below:

During the summer of 2002, the defendant had reached the decision that she would retire from the Air Force late that year. She was ordered not to publicly announce her decision to retire, but did notify her immediate supervisor, the Assistant Secretary of the Air Force for Acquisition, on or about August 20, 2002. It was the defendant's intention, in the late summer of 2002, to seek employment in the defense industry. This employment would begin following her retirement. In order to explore employment opportunities with certain defense contractors, the defendant disqualified herself from all Air Force matters involving Lockheed Martin and Raytheon. This was submitted in writing on August 26, 2002. The defendant then entered into employment discussions with Lockheed Martin. These discussions resulted in the defendant's verbal

agreement on October 16, 2002, to accept a position at Lockheed Martin which would begin after her retirement.

A major responsibility of the defendant in 2002 was overseeing the Air Force negotiations with the Boeing Company to lease 100 Boeing KC 767A tanker aircraft. These tanker aircraft were to be extensively modified versions of Boeing's 767 commercial aircraft, and were to have as their primary mission air refueling of other military aircraft. The total value of the contract was projected to be in the range of 20 billion dollars. The defendant participated personally and substantially as a government official through decisions, approvals, disapprovals, recommendations and the rendering of advice in connection with the negotiation of this lease agreement with Boeing Company. In the summer and fall of 2002 the defendant was also involved in negotiations with the Boeing Company in her position as Chairperson of the NATO Airborne Early Warning and Control Program Management Board of Directors. This involved the restructuring of the NATO AWACS program, and the addition of \$100 million in funds.

II. The Negotiation

A daughter of the defendant was employed by the Boeing Company in their student development program in St. Louis, Missouri. The daughter had been hired by the Boeing Company in November 2000. Prior to the daughter's hiring, the defendant had contacted a senior member of the management of Boeing (hereinafter "senior executive") seeking his assistance in obtaining employment for her daughter.¹ The senior executive contacted other executives at Boeing, in an effort to obtain a position for the defendant's daughter. After

¹ The defendant had previously contacted the senior executive in 2000 seeking assistance in obtaining employment for the boyfriend of her daughter. The boyfriend was immediately contacted by the senior executive, was subsequently hired, and began employment at Boeing in September 2000.

interviewing with several executives, a position was created for her as a college recruiter for Boeing.²

On September 3, 2002 the defendant's daughter sent an encrypted E-mail over the Boeing Company intranet to the senior executive. The defendant's daughter did not personally know the senior executive but was aware that her mother, the defendant, had known and had professional dealings with the senior executive for a number of years. The subject line of the E-mail read "Please do not forward....RE: Darleen Druyun." In the E-mail she advised the senior executive that her mother would be retiring from the Air Force, had not publically announced that decision, and was interviewing with Lockheed Martin. The daughter encouraged the senior executive to recruit the defendant for a position at Boeing. The senior executive responded to the E-mail as follows:

...I met with your mom last week. She informed me of her plans, and I suggested that she and I chat. She said she needed to wait until she got some of our work completed before she should chat with me. Did I miss a signal or have the wrong picture? I'm with you. . .we need to be on her menu!

The defendant's daughter responded minutes later:

Oh! I think she is referring to the tanker deal—might be too much of a conflict right now. She hopes to have the tanker deal made or scrapped by early Dec—seems like a long time off, maybe she has to wait that long before approaching us. It still makes me very worried that she is talking to Lockheed! She is visiting me tomorrow for a couple days. . .I hope that I can get a better understanding then. . . she is also talking to Raytheon and L3 (formerly E-systems, I think?) Anyway, we need to talk to her...

The defendant visited her daughter in St. Louis, Missouri on September 4, 2002 and they

² The defendant informed an Air Force ethics officer that her daughter had accepted employment with Boeing. This was found not to create a conflict, however, the defendant did not inform the ethics officer that the defendant had asked for the assistance of a senior executive at Boeing in securing the daughter's employment.

discussed her retirement. The defendant's visit resulted in the following September 5, 2002 encrypted E-mail from the daughter to the senior executive:

As promised. . . please forgive the length!

It is the tanker lease that prevents her from talking to you right away. She said to contact her on October 1.

Let me tell you what she is looking for:

1. Must be challenging, tough, lots of responsibility. Does not want something that puts her on display. Wants to impact processes, cut bureaucracy.

2. Want to make a difference in the makeup of the IDS organization in terms of females. . . she thinks it is shameful that in the Albaugh's family there aren't women.

3. Would consider moving out of DC, but would like to stay.

4. ABSOLUTELY does not want to be somewhere under Muellner. . .she wants to be over him like at the Pentagon.

She told me point blank that she would think the perfect offer would be a COO-like position under Albaugh. Bottom line she wants to be able to make an impact in the company.

She interviewed with Lockheed's Robert Stevens, and he outlined where they would like her to fit in—something like business and process reforms (she used the term "watchdog"). She liked the sound of it, and mentioned she had a good rapport with Stevens and seemed to like what he was saying.

She is very interested in talking to us, but we would have to give her something that would blow her out of the water! She also mentioned that Boeing has her most admired quality: honest values.

Prior to September 23, 2002 the defendant was visited by her daughter who advised the defendant of her E-mail exchanges with the senior executive. The defendant outlined for her daughter what the daughter should communicate to the senior executive regarding possible employment with Boeing. On September 23, 2002 the defendant's daughter sent the senior executive the following:

I am fresh back from a visit to DC to see the parents, and of course Mom and I discussed life after retirement. She announces it publically on Friday, by the way. I told her that I had contacted you about discussing later employment plans, and she is VERY, VERY excited. She still wants a COO like position with IDS, and she said that is what Lockheed is doing for her right now in Bethesda. She told me very frankly that if the salary and position were ideal from us, she would accept with Boeing and work her first year traveling back and forth from DC (work 5 days in STL, fly back on weekends). . .

She wants to know if this “COO” position is a feasible creation with IDS, and I told her that I did not know. . . is this a possibility? She leaves for Brussels Tues, and will return this weekend, so she would like to hear from you next week after the 1st.

On or about October 5, 2002 the senior executive contacted the defendant by telephone to schedule a meeting between them to further the employment discussions that had occurred in the earlier E-mails. It was agreed that the senior executive would meet the defendant in Orlando, Florida on October 17, 2002. The senior executive took a private aircraft and flew to Orlando, Florida for the purpose of meeting the defendant to discuss employment. The defendant was already in Orlando to attend a National Defense Industrial Association Conference as well as a NATO-AWACS conference. She met alone with the senior executive in the private conference room at the General Aviation terminal of the Orlando Airport.

The meeting between the defendant and the senior executive lasted approximately thirty minutes. The senior executive offered the defendant a position at Boeing as a Deputy in the Missile Defense System to be located in Washington, D.C. They discussed salary, the amount of a signing bonus, and other issues involving the employment including the starting date and when and where the formal offer of employment should be sent.

The defendant advised the senior executive at the Orlando meeting that she had not disqualified herself from matters involving Boeing. He elected to continue the meeting and to discuss the terms of the employment. At the conclusion of the meeting he stated to her that “This meeting really didn’t take place.” They agreed to keep the meeting to themselves. The defendant advised the senior executive that she had not decided whether to accept the Boeing offer, or to instead work for Lockheed Martin. She advised the senior executive that she had a handshake agreement to work for Lockheed Martin.

The following day, October 18, 2002, the senior executive sent the following E-mail to other executives at Boeing, outlining the results of his meeting with the defendant. The subject line of the E-mail read "Employment" and in the message he did not reference the defendant by name.

Howdy. Had a "non-meeting" yesterday re: hiring Jim Evatt's deputy. Good reception to job, location, salary, longer-term outlook. Recommend we put together a formal offer:
** Job as we discussed*
** Location defined as we discussed*
** Salary \$250K (assuming that fits)*
** Recruitment bonus \$50K (important dimension of offer: could get by with \$40K)*
** Start date 3Jan03 (and immediately travel to Desert meeting)*
FedEx offer to home for 14Nov arrival. . .

On or about November 4, 2002 the senior executive contacted the defendant and suggested he meet with her on November 5, 2002 at her Pentagon office. The defendant on November 5, 2002 submitted a letter to the Air Force stating she intended to enter into employment discussions with Boeing and was disqualifying herself from any matters involving Boeing. Later on November 5, 2002, the defendant and the senior executive met and discussed a job and terms of employment that were essentially the same as those discussed on October 17, 2002.

On November 14, 2002 Boeing sent the formal job offer to her home. On November 15, 2002 the defendant retired from government service. On December 16, 2002 the defendant formally accepted Boeing's employment offer by signing their offer letter.

During the time period from September 23, 2002 until her disqualification letter of November 5, 2002, the defendant participated personally and substantially as a government employee in decisions, approvals, recommendations, investigation and the rendering of advice

in matters in which, to her knowledge, the Boeing Company had a financial interest. For example, on October 22, 2002 the defendant participated in a meeting at the Pentagon with Air Force staff and an official of the Office of Management and Budget (OMB) regarding the terms and conditions of the KC 767A tanker program and a fair price for the Boeing aircraft.

III. The Concealment

The defendant began her employment at the Boeing Company on January 2, 2003. In the summer of 2003 press reports appeared raising questions about the KC 767A tanker contract and the contemporaneous hiring of the defendant by Boeing. In response to this criticism, counsel were retained by the Boeing Company to conduct a review of the circumstances surrounding the defendant's hiring. The defendant was informed of the investigation, and scheduled to be interviewed about the circumstances of her hiring. That interview was scheduled for July 7, 2003. Unable to reach the senior executive by telephone the defendant sent the following E-mail to him on July 4, 2003:

I have an appointment on Monday with Judy . . . , a lawyer hired by the company to review the process used by the company to ensure that the rules were properly followed and to help offset anymore negative comments. I wanted to reverify my recollection of our first discussion of potential employment. You came into see me on 5 Nov, the day before I went on leave. I had signed a recusal letter and given it to my AF lawyer since I thought that your meeting with me would probably go into the area of potential employment since my announcement had been publicly made of my retirement in mid October. As I recall at that meeting you lectured me about not jumping at my first job offer because I mentioned that I believed I had a verbal agreement with the COO of Lockheed (Bob. . .) although I did not expect anything in writing in terms of a job offer until the day I retired which was November 14, 2002. I also told you that I did not believe that I could work for Boeing because of my involvement in attending some of the 767 tanker negotiations. You countered that it was possible for me to work for Boeing if I worked in an entirely different area. I also stated that I could not be mobile because of my spouses employment for a few years and that there was nothing in this area that Boeing could offer to which you countered the company employed over 3000 people in the greater DC area. You also told me that you could not see me working in another staff job which is what Bob. . .had probably discussed and

that I should consider a P&L job. As you can recall I said I would very much be interested in working for a company that could offer me a P&L in the DC area. You mentioned missile defense as one of the opportunities and generically described Boeings Executive level compensation program. You strongly recommended that I discuss this with my lawyer in the AF and asked if you could send me a job offer and I said on my last day of work which was 14 Nov 02. I did receive a job offer from you on or about 14/25 Nov 02 which I discussed with the AF lawyer. His first reaction was the he did not see an issue. He then set about reviewing it in detail after my discussion with him and concluded around 5 Dec in writing that it would be in full compliance with the rules. It is my belief that he discussed it with Boeing lawyers. I believe it was not until 16 Dec that I officially made up my mind and called you and then faxed the paperwork to the company. I see Judy at 0900 Monday AM and wanted to verify with you that this was also as you remember it. I expect that she might call you. Please let me know ... if I have captured everything that we discussed. Hope you are enjoying Great Britain and get some aircraft sales!

The senior executive responded to the defendant's message later that day, in part as follows:

*Precisely as I can recall. You obviously take good notes/have good memory... much better than mine.
And we're all thrilled that things have worked out this way re: your employment choice!!!
Enjoy the 4th!*

The July 4, 2003 E-mail of the defendant to the senior executive was not truthful as both she and the senior executive knew at the time. The "first discussion of potential employment" occurred long before the November 5, 2002 disqualification letter of the defendant. In fact, E-mail correspondence on the subject of employment, with the assistance of the defendant's daughter, was exchanged in September 2002. The defendant and the senior executive met in Orlando, Florida on October 17, 2002 and discussed a specific position at Boeing, salary, bonus, and other details. The senior executive's E-mail response of July 4, 2003, gave the defendant assurance that the senior executive would maintain the false story that the employment negotiations began on November 5, 2002.

The defendant met with outside counsel for Boeing on July 7, 2003. She provided untruthful answers in that interview, claiming that her first employment discussion with Boeing occurred on November 5, 2002. She did not reveal the October 17, 2002 Orlando meeting with the senior executive. The defendant spoke with the senior executive by telephone in late August or September 2003. She informed him that she had been advised that E-mails inconsistent with their version of events had been discovered, and that counsel for Boeing had requested to reinterview her on these matters. The senior executive urged the defendant to “hang tough” and stated that their first discussion of employment occurred on November 5. He stated that any conflicting E-mails reflected “pre-planning” efforts by Boeing to make an employment offer to the defendant. The defendant clearly understood from the conversation that the senior executive wished her to maintain their false story.

Later in September 2003, the defendant and senior executive had another telephone conversation. He once again urged her to “hang tough.”

On October 14, 2003 the defendant’s attorney sent a letter to the Inspector General of the Department of Defense stating that the defendant was represented and understood she was the subject of an investigation by the DOD-IG. The letter also stated, “Mrs. Druyun and I look forward to cooperating with your investigation.”

On or about October 20, 2003 the defendant and the senior executive discussed the investigation by telephone. The defendant was aware at that point in time that a Department of Defense (DOD) Inspector General subpoena had been served on the Boeing Company in connection with a criminal investigation of the hiring of the defendant. The defendant and the

senior executive discussed the pending criminal investigation.³ He advised her that his story would continue to be that any conflicting E-mails reflected pre-planning by Boeing and not employment negotiations. As he had done previously, the senior executive urged her to “hang tough.”⁴

The defendant was interviewed by outside counsel for Boeing on November 11 and 17, 2003. During those interviews, the defendant acknowledged she had not been truthful in her previous July 7, 2003 interview. She revealed many of the facts concerning her pre-November 5, 2002 employment negotiations with the senior executive. This included the October 17, 2002 Orlando, Florida meeting which they had agreed not to disclose. The defendant also discussed the two July 4, 2003 E-mails with the senior executive where in they agree to maintain a false story. The defendant was terminated for cause by the Boeing Company on November 24, 2003.

The defendant acknowledges that she willfully engaged in the conduct outlined in this Statement of Facts which constitutes a conspiracy to violate Title 18, United State Code, Section 208(a) and Section 216(a)(2).

Respectfully submitted,

Paul J. McNulty
United States Attorney

By: _____

³The senior executive was notified by E-mail on October 15, 2003 by Boeing of the DOD-IG criminal investigation.

⁴On October 22, 2003 the senior executive was interviewed by new outside counsel engaged by Boeing to assist in responding to the pending DOD-IG criminal investigation of the hiring of the defendant.

Robert Wiechering
Assistant United States Attorney

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, Darleen A. Druyun, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Darleen A. Druyun
Defendant

I am Darleen A. Druyun's attorney. I have carefully reviewed the above Statement of Facts with her. To my knowledge, his/her decision to stipulate to these facts is an informed and voluntary one.

John M. Dowd, Esquire
Attorney for Darleen A. Druyun